SR82593 Requirements
Modify State Tax Table for Four-digit Percent of Excess and Update Tax Schedule

Objective:
The objective of this Service Request is to revise the California State Tax Table structure in PPS to accommodate the new personal income tax rates in effect as of April 17, 2009. This requires that data spaces for the tax rates expand from three to four and that all affected forms, reports and processes are changed accordingly. This will require programming changes as well as changes to the table structure. When implemented in the base program, the changes will be released to the campuses to effect withholding changes for all employees.

Project Type:
This is an enhancement to a table structure, table values and programs in PPS.

Requested by:
Payroll Coordination

Analyst:
Business analyst: Carolyn Murray, Payroll Coordination
Requirements analyst: Beth Burkart, IR&C

Urgency:
Date Mandated.

Target Processing Deadline:
The new state tax tables are already in effect, so this change should be implemented as soon as possible.
Statement of Business Need:

An increase in California Personal Income Tax rates was included in the recent passage of the California State budget for 2009. The Franchise Tax Board (FTB) issued new tax schedules to address this change on 4/17/09. Tax table changes include increased tax rates ranging from 1.25% to 10.55%. Prior to the April 2009 revisions, tax rates ranged from 1.00% to 10.30%, all of which ended with a “zero.”

PPS currently contains only three data spaces in the state tax rate fields, referred to as “Percent of Excess” fields. The new rate structure now requires that PPS have four data spaces to accommodate the new tax rates. The State Tax Table in PPS and related programs will require modifications before the new withholding schedules can be used.

Implementation of the new withholding schedules as soon as possible will help minimize any potential tax liability employees may face when they file their 2009 California personal income tax return.

Background:

The state of California issues revised state personal income tax tables on an annual basis or more often, if necessary. Due to recent legislative actions, revised 2009 state tax tables were issued April 17, 2009 to reflect increased personal income tax rates.

Current Process:

The state tax rates are entered on UPAY Form 548 in the column entitled “% of Excess” in data spaces 21-23. This form is then used to enter the state tax table data into the PPS system. The previous tax rates required only three data spaces since all of the rates ended in a zero. For example, a 1.00% tax rate was entered as “010”.

Proposed Process:

The State Tax table that is entered into PPS via UPAY Form 548, and all related reports, processes and functions will need to be modified so that the new state tax rates can be accommodated. Since the revised tax rates were increased one quarter of one percent, the new tax rates all end in “five” and now require 4 data spaces. For example, the new tax rate of 1.25% must be entered as 0125. This change will impact the PPP0412 report that lists the State Tax Table data, the UPAY548 form, any processes that update the State Tax Table, the compute process, and the rush checks process.
1.0 Overview of Modifications.............................................................................................................. 4
2.0 Control Table Updates ..................................................................................................................... 4
2.1 State Tax Table ............................................................................................................................ 4
3.0 Compute Process Changes............................................................................................................... 4
3.1 Online Compute Processing ........................................................................................................... 4
3.1.1 Overpayment Reduction Cancellation Adjustment ................................................................. 5
3.1.2 On-line Rush Checks ................................................................................................................ 5
4.0 Forms ............................................................................................................................................... 5
Attachment A - UPAY548 Mock-up ............................................................................................................ 6
Attachment B - UPAY548 with Updates to the State Tax Table.............................................................. 7
System Requirements:

1.0 Overview of Modifications

The State Tax Table structure needs to be modified to accommodate the new State personal income tax rates. This will require an expansion of the “Percent of Excess” fields on the UPAY548 form from three to four data spaces, and modifications to all processes that update the State Tax Table or use the Percent of Excess fields, including the process that produces the PPP0412 (State Tax Table) listing. Changes to the compute and rush checks process will most likely be needed.

The new state tax schedule must be installed in the base system once modifications are complete and released to all campus locations for implementation.

No new EDB data elements will be needed. The only area of the online PPS that requires modifications is rush checks. The ORCA overpayment transactions should be tested for the change in the state tax rate. Web EDB Inquiry and history reporting are not impacted. EDB maintenance is not impacted, and no one-time processes will be needed. Corporate interface files are not impacted. The only reporting change is to the PPP0412, which lists the contents of the State Tax Table.

2.0 Control Table Updates

This is a change to the structure of the State Tax Table and an update to the values in the table.

2.1 State Tax Table

The State Tax Table structure should be modified so that four-digit Percent of Excess (STR_TAX_PERCENT) values (tax rates) can be input, edited, updated, and stored.

The PPP0412 report that lists the contents of the State Tax Table will need to be modified so that the TAX PCT is a four-digit field.

In addition, the values in the State Tax Table must be updated in accordance with the UPAY548 forms in Attachment B.

3.0 Compute Process Changes

The compute process will need to be updated so that it can calculate the California State withholding deductions when the Percent of Excess modifications have been completed. Some examples of existing values are as follows:

- 9.3%, stored in the table as 093
- 10.3%, stored in the table as 103

The Percent of Excess values (tax rates) are being increased by .25%. Using the example above, the new values would be:

- 9.55%, stored in the table as 0955
- 10.55%, stored in the table as 1055

3.1 Online Compute Processing

No changes to OPTRS. Rush Check processing will be impacted.
3.1.1 Overpayment Reduction Cancellation Adjustment

The ORCA overpayment transactions should be tested for the change in the state tax rate.

3.1.2 On-line Rush Checks

The Rush Check process will need to be updated so that it can calculate the California State withholding deductions when the Percent of Excess values (tax rates) have been expanded to four digits.

4.0 Forms

Modifications to the UPAY548 form will be needed so that the Percent of Excess fields can contain four digits. See Attachment A for a mock-up.
<table>
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<tr>
<th>Bracket Index</th>
<th>Income</th>
<th>Standard Deduction</th>
<th>Payroll Deduction</th>
<th>Taxable Income</th>
<th>Social Security</th>
<th>Medicare</th>
<th>State</th>
<th>Federal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0D</td>
<td>0.0B</td>
<td>2.95</td>
<td>7.77</td>
<td>7.62</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
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<td>7.84</td>
<td>7.70</td>
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<td>0.00</td>
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<td>0.00</td>
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</tr>
<tr>
<td>02D</td>
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<td>7.91</td>
<td>7.77</td>
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